R E P O R T

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA

JUNE 30, 2014

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA

TABLE OF CONTENTS

JUNE 30, 2014

DUPLANTIER, HRAPMANN, HOGAN & MAHER, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM G. STAMM, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A
DENNIS W. DILLON, C.P.A.
GRADY C. LLOYD, III, C.P.A.

HEATHER M. JOVANOVICH, C.P.A.
TERRI L. KITTO, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA C.P.A.'S

MICHAEL J. O'ROURKE, C.P.A.
DAVID A. BURGARD, C.P.A.
CLIFFORD J. GIFFIN, Jr., CPA

A.J. DUPLANTIER JR, C.P.A. (1919-1985)
FELIX J. HRAPMANN, JR, C.P.A. (1919-1990)
WILLIAM R. HOGAN, JR., CPA (1920-1996)
JAMES MAHER, JR, C.P.A. (1921-1999)

INDEPENDENT AUDITOR'S REPORT

January 14, 2015

Board of Trustees of the
Sheriffs' Pension and Relief Fund
State of Louisiana
1225 Nicholson Drive
Baton Rouge, Louisiana 70802

We have audited the accompanying financial statements of the Sheriffs' Pension and Relief Fund, a component unit of the State of Louisiana, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriffs' Pension and Relief Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

1615 Poydras Street, Suite 2100 • New Orleans, LA 70112 • (504) 586-8866 • Fax (504) 525-5888
1670 Old Spanish Trail • Slidell, LA 70458 • (985) 649-9996 • Fax (985) 649-9940
247 Corporate Drive • Houma, LA 70360 • (985) 868-2630 • Fax (985) 872-3833
5047 Highway 1, P. O. Box 830 • Napoleonville, LA 70390 • (985) 369-6003 • Fax (985) 369-9941
www.dhhmcpa.com

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Sheriffs' Pension and Relief Fund, as of June 30, 2014, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 4 to the financial statements, the total pension liability for the Sheriffs' Pension and Relief Fund was $3,129,132,635 as of June 30, 2014. The actuarial valuation was based on various assumptions made by the Sheriffs' Pension and Relief Fund's actuary. Because actual experience may differ from the assumptions used in the actuarial valuation, there is a risk that the total pension liability at June 30, 2014 could be under or overstated. Our opinion is not modified with respect to this matter.

As discussed in Note 15 to the financial statements, the Fund's financial statements include investments valued at $33,718,193 as of June 30, 2014, whose fair value was estimated by management of the investment fund in the absence of readily ascertainable fair market values. The estimate of fair value was based primarily on the net asset values and other financial information provided management of each underlying private investment fund. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sheriff's Pension and Relief Fund's basic financial statements. The supporting schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2015 on our consideration of the Sheriffs' Pension and Relief Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Sheriffs' Pension and Relief Fund's internal control over financial reporting and compliance.

Duplantier, Hrapmann, Hogan & Maher, LLP

New Orleans, Louisiana

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014

The Management's Discussion and Analysis of the Sheriffs' Pension and Relief Fund (Fund or LSPRF) financial performance presents a narrative overview and analysis of the Sheriffs' Pension and Relief Fund's financial activities for the year ended June 30, 2014. This document focuses on the current year's activities, resulting changes, currently known facts in comparison with the prior year's information. Please read this document in conjunction with the information contained in the Sheriffs' Pension and Relief Fund's financial statements which begin on page 14.

Economy and the Global Investment Markets for Fiscal Year 2013-2014

Events of the year resulted in significant progress for the Fund with a very good year of investment performance, along with assistance from the results of the annual actuarial valuation of the Fund and increasing improvement from liability reform enacted by the Board in recent years.

The fiscal year began with persisting global economic and political uncertainties encountered during the previous year, along with new geopolitical issues and conflicts arising during the year affecting global market conditions. Concerns over tapering and ending of the Quantitative Easing program, timing of the inevitable beginning of the Fed Funds rate hike and contentious congressional budget debates continued to burden the markets. The capital markets were resilient in responding to negative developments, and economic conditions continued to recover from the historic recession at a moderate pace despite the problems encountered.

Fiscal 2013-2014 began with one of the best starts in recent years for LSPRF, producing a return of 12%* net of fees for the 1st half of the fiscal year. The 2nd half of the fiscal year brought more volatility with some negative monthly returns, but quick recoveries resulting from positive earnings reports and improving employment numbers and other positive economic data in the 4th quarter of the fiscal year. LSPRF ended the fiscal year with very good investment performance for the year with a return of 18.04%*, producing one of the best fiscal year returns in recent history of the Fund. Again this year, LSPRF's investment return substantially exceeded the Fund's valuation interest rate or target rate used in the funding of the System of 7.7% set for the 2013-14 fiscal year. This year's results have a very favorable impact on the funding of the Sheriffs' Pension Fund and the required employer contribution rate for the fiscal year 2015-2016.

Impact of the Year's Progress on Fund Net Assets and Historical Review

- The Fund's return on investments for the 2014 fiscal year was a respectable $410,664,372** net of all investment expense. This exceeded last year's return on investments of $257,317,117 by $153,347,255.
- Funding progress for this year, along with recent years have resulted in another record high in the fiduciary net position of the Fund of $2,733,132,117.**
- This new record high represents an increase fiduciary net position of $460,868,993 over the prior year's fiduciary net position of $2,272,263,124.

As the LSPRF is an actuarially funded defined benefit plan of a perpetual nature, it is informative to review Plan growth and progress from a historical perspective, especially where significant events have occurred, such as the last two recessions.

- Measuring progress from the severe global recession of 2009, the Fund's net position increased by over $1.4 billion or 109% during the recovery, and in excess of $1.9 billion or 233% since the 2002 recession. These results are a tribute to the dedication and diligence of the Board of Trustees and their advisors.

*Source: Mellon Analytics
**Source: Audited Financial Statements

Funded Ratio and Progress of Payment of Frozen UAL

As the LSPRF is actuarially funded, it is useful to consider data from the Fund's required annual actuarial valuation as well as the audit to provide additional information that is relevant to the progress of the Fund.

As we advised last year, the Governmental Accounting Standards Board (GASB) has adopted new standards for reporting of the funded ratio effective for the 2014 fiscal year. The GASB Statement 25 funded ratio reporting method will no longer be used, and is replaced by GASB Statement 67. The former GASB Statement 25 method expressed the funded ratio as the net Actuarial Value of Assets to the Actuarial Accrued Liabilities as defined by GASB Statement 25.

Since the 2008 fiscal year, the Fund has made significant progress in reducing the frozen unfunded accrued liability (UAL), and is approximately 6 years ahead of the amortization schedule set by the legislature to eliminate the liability by 2029. As stated in prior years, actions taken by the Board to prepay the frozen UAL results in substantial savings of interest costs over time.

While GASB Statement 67 no longer provides for furnishing the GASB Statement 25 funded ratio in the annual actuarial valuation report, the frozen UAL will continue to be used in the actuarial valuation report. With payments made in this fiscal year, the frozen UAL balance was reduced from $62,983,756 for fiscal year 2013 to $59,264,382 for the current year. For historical purposes, this analysis is reporting the funded ratio under the former GASB Statement 25 method for this year at 97.70%, an improvement from the 2013 fiscal year of 97.22%.

The following discussion will report the funded ratio under the new method prescribed by GASB Statement 67 and include a discussion of the new GASB Statement 68.

GASB Statement 67 Funded Ratio Reporting for Fiscal Year End June 30, 2014

As stated in the prior year's analysis, this is the first year of implementation and reporting under the new standards and requirements of GASB Statement 67. **This change will not impact the actuarial funding or soundness of the Fund,** but only changes the method of required reporting related to the Plan's liabilities, costs and mandates a different method of reporting the funded ratio.

GASB Statement 67 also changes the method of calculating the actuarial accrued liability and funded ratio to the Entry Age Normal method from the former method of using the Frozen Attained Age requirement.

The new terminology and methods used in GASB Statement 67 reporting and calculating the funded ratio are as follows:

- The Fiduciary Net Position = The market value of assets less liabilities at fiscal year-end.
- The Total Pension Liability = The present value of current members assumed benefits to be paid over members' lifetime, projected out into the future at expected retirement date and life expectancy. (Note: This uses long-term projections and assumptions and the Total Pension Liability is not a definite or actual number.)
- The Net Pension Liability = The Total Pension Liability minus the Fiduciary Net Position.
- For reporting purposes only, the funded ratio is now expressed as the ratio of the Fiduciary Net Position divided by the Total Pension Liability.

The funded ratio for LSPRF using the new GASB Statement 67 method is 87.34% for fiscal year 2014. Please note that this will be a volatile number over the years due to a change from using the actuarial asset value smoothed over time, used for many years, to each year's market value of assets at fiscal year end. Historically, the Capital Markets are volatile and the funded ratio is subject to larger upward and downward movements with the markets each year.

An additional major change is the requirements of the new GASB 68 Statement. This change requires each participating employer (sheriffs' offices) to reflect balance sheet reporting of their proportionate share of the Plan's Net Pension Liability, effective for the fiscal year ending June 30, 2015.

Non Investment Revenue Discussion

The Fund has dedications of special revenues for funding of the Plan. For the 2014 fiscal year, revenues received for the Fund's statutorily dedicated portion from insurance premium tax collections totaled $16,628,926, an increase of $834,549 over the prior year. The Fund's receipts of dedicated ad valorem taxes were $18,570,164, an increase of $708,042 over the prior year, and receipts of $421,921 from State Revenue Sharing for a decrease of $1,536 from fiscal year 2013.

Contributions to the Plan by employers and members totaled $155,334,515 for an increase of $8,202,709 over fiscal year 2013. This increase resulted in part from an increase of .25% in members' contributions. Employer contributions were collected at 13.89%, after a reduction from the Funding Deposit Account (FDA) and an increase in the employee contribution rate. This represents an increase of .64% over the employer rate actually collected for 2013.

Contributions and other non-investment income exceeded payments for benefits paid to members, refunds, transfers and administrative expenses by $50,204,621 for fiscal year 2014, an increase of $2,283,566 over fiscal year 2013. It is significant to note that the Fund has a positive annual cash flow and does not rely on investment income to pay current benefits to members, and is not expected to in the near-term future.

Benefits Payments Discussion

Pension and disability benefits paid to retirees and beneficiaries, as audited by the Fund's auditors totaled $127,604,168, an increase of $7,362,921 over the prior year. Refunds of contributions paid to members upon termination, and transfers to other systems on behalf of members totaled $19,725,606, an increase of $1,475,382 from the prior year.

As a point of information, retired members and survivors increased by 317 during the 2014 fiscal year, and by 1,912 over the past five years. During those same periods, annual benefits in payment increased by $7,362,921 and $49,199,643, respectively.

Actuarial and Operational Methods and 2014 Fiscal Year Progress

Due to the perpetual nature of the LSPRF, the Fund uses actuarial funding methods as prescribed by law to reflect funding progress and prepare to meet liabilities for benefits payments that will be due well out into the future. Actuarial funding is a process where funds are accumulated over the working lifetime of members in a manner to have sufficient assets at retirement to pay for the lifetime benefits accrued by members at the time of their retirement. This is the Fund's most important goal and obligation.

- Investment returns are an important component of the funding of the System in order to support benefit levels and meet this obligation, and to keep the Plan affordable for Plan sponsors (sheriffs' offices).
- The Fund uses the investment markets and assumes a level of risk to meet long-term funding targets. For fiscal year 2014, LSPRF used a valuation interest rate, or assumed long-term rate of return of 7.7% to provide additional funding for the Plan.

- It is necessary to recognize that the Fund is a long-term investor and is subject to periods of favorable and unfavorable global market conditions. The Fund uses an actuarial smoothing method recommended by our actuaries to help mitigate the impact of volatility in the global markets, and assist in providing more stable annual funding requirements in keeping with capital market conditions.
- The Fund's investment experience is actuarially smoothed over a 5-year period to provide the actuarial rate of return and the actuarial value of assets used to stabilize and determine the effect of investment experience on Plan costs, and to set the required employer contribution rates to meet each year's funding requirements.

As stated earlier, capital markets were favorable during the fiscal year 2014 and the Fund ended the year with a return well above the assumed rate of return of 7.7%. During this year, the Fund benefited from the actuarial five-year smoothing method as 2009, the worst year of losses from the recession, was dropped from the five-year smoothing period resulting in a substantial increase in the Fund's actuarial rate of return.

This development, along with the very positive investment experience of 2014 and favorable Plan liability experience assisted in lowering the actuarially required employer contribution rate for the 2016 fiscal year beginning July 1, 2015. This year's progress results in a minimum actuarially required employer contribution rate of 11.75%, a reduction of 2.50% from the prior year's required rate of 14.25%. This progress represents the lowest required minimum rate since the 2010 fiscal year.

Capital Market Assumptions and Impact on Funding Methods

The Board and our actuaries use long-term capital market assumptions, or projections of expected investment returns of various asset classes over time. These assumptions change periodically with changes in the economic outlook and events and conditions that may affect financial markets in the longer term.

These assumptions may affect decisions on investment allocations recommended by our consultant and considered by the Board, as well as assumptions used by our actuaries in decisions impacting the valuation interest rate or the target rate of return the Fund assumes in the long-term funding of the System. For many years, LSPRF used a target rate of return of 8% for annual funding requirements.

In recent years, capital market assumptions are reflecting a more conservative outlook for market rates of return that may not consistently support an 8% assumption. As a result, the Board of Trustees, along with recommendations from our actuaries, adopted a plan beginning with the 2012 actuarial valuation to reduce the Fund's assumed return by .10% each year until the Fund has reached an assumed rate of return of 7.5% annually.

As the assumed rate of return is a funding component of the System, reductions in the rate of return impact the assumptions of the Plan's liabilities and the employer contribution rate depending on each year's investment returns and liability experience of the Fund.

For the fiscal year ended 2014, the Fund used as assumed rate of return of 7.7%, and as previously noted, the Fund's market rate of return was favorable and substantially exceeded the 7.7% target.

The Funding Deposit Account and Operational Methods

LSPRF utilizes a Funding Deposit Account (FDA) created by the Board to accumulate reserves during periods of favorable years that are authorized to be used to offset increases in the employer contributions rates during periods of unfavorable market and actuarial conditions. Reserves from the FDA have been used for the past 4 years coming out of the impact of the deep recession to reduce rising employer contribution rates, resulting on a favorable impact on sheriffs' offices budgets and funding at the local level.

For fiscal year 2014 covered by this audit, the minimum contribution rate was 14.75%, reaching the highest level from the impact of the recession. This rate was reduced by .61% from the remaining balance of reserves in the FDA, and an increase in the employee contribution of .25% to reduce the contribution actually paid by the sheriffs' offices to 13.89%, among the lowest of the state and statewide systems.

For the current fiscal year beginning July 1, 2014, a positive development was favorable investment experience of recent years, along with a growing savings from the pension reform legislation sponsored by the Board of Trustees in 2011 and recent years. This resulted in a reduction from last year's required minimum rate of 14.50% to 14.25% for the current year. As noted above, the balance of reserves in the FDA were used in the 2014 fiscal year and reserves are depleted for the current year, with no allocation available to assist in reducing the 14.25% minimum rate for this year.

The Board of Trustees may consider setting an actual rate to be collected for 2016 fiscal year between the lower minimum required rate of 11.75% and the prior year's rate of 14.25%. This will assist the Plan Sponsors (sheriffs' offices) with an employer contribution rate reduction and allow the Fund to reserve funds in the Plan's Funding Deposit Account to assist the Fund and sheriff's offices in less favorable years that are likely to occur in the future.

Results of Pension Reform and Long-Term Liability Management

The ever-developing move to a more global economy brings positive and negative aspects on economic and market conditions, including new opportunities as well as increased impact from market volatility and geopolitical issues.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014

With changing market and economic conditions, our Board focuses on the importance of managing assets and risk more broadly to meet funding requirements and continue to grow the Plan, but equally as important is managing the Fund's long-term liabilities and benefits structure for benefits that will be due well out into the future for the lifetime of our members and the Fund's liabilities.

As noted in prior years, the Board of LSPRF has been a leader in 2011 and other recent years in sponsoring major pension reform affecting benefits promised in the future. This reform is continuing to have a substantial impact in cost savings that will increase over time.

For fiscal year 2014, the pension reform savings of .8773% again totally offset the cost resulting from further reducing the target rate of return, creating a favorable effect on the employer contribution rate for fiscal year 2015-2016. In addition, Plan liability experience for fiscal 2014 was favorable. Over all, Plan liability experience decreased the normal cost accrual rate of .7295%.

Summary and Other Relevant Information

As noted throughout this discussion, the LSPRF has made substantial progress in the growth of total Plan assets, again this year at record highs during the recovery since the last recession. As noted, the Board's actions in pension benefit reform continue to have a positive impact on funding progress and are expected to continue further savings over the long-term. The decision of the Board to create reserves during prior favorable times has assisted in reducing the frozen UAL and has helped to maintain employer contribution rates substantially lower than many of our peers.

The Board continues to employ professional investment consultants and investment managers to advise the Fund. The Fund endeavors to maintain a conservative investment plan, without the use of strategies that require lengthy illiquid periods and uncertain asset valuation methods.

The Board and staff have worked to improve the educational requirements and professionalism of the staff, and have continued to enhance technology and operational methods to increase efficiency. Over time, the staff and the Board have continued to develop a succession plan for senior management, and to develop a highly competent staff that is very responsive to the needs of our members.

In closing, the Fund has made substantial progress over time, and actions taken by the Board to control liabilities for future benefits is expected to favorably impact the soundness of the Fund for the long-term future.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014

Using This Financial Report

The discussion and analysis is intended to serve as an introduction to the Fund's basic financial statements, which are comprised of three components:

- Statement of fiduciary net position,
- Statement of changes in fiduciary net position, and
- Notes to the financial statements.

This report also contains required supplemental information in addition to the basic financial statements themselves.

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the plan's ongoing plan perspective. This financial report consists of two financial statements and five required schedules of historical trend information. The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position provide information about the activities of the pension funds as a whole. Sheriffs' Pension and Relief Fund is the fiduciary of funds held in trust for sheriffs, deputies, non-commissioned employees of sheriffs' offices throughout the State of Louisiana and employees of the Louisiana Sheriffs' Association and the Sheriffs' Pension Fund office.

The required supplementary information consists of five schedules and related notes disclosing the changes in net pension liability, employers' net pension liability, employer contributions, money-weighted rate of investment returns, and funding progress of Other Post-Employment Benefits (OPEB).

The supplementary information includes the schedule of changes in reserve balances, schedule of administrative expenses, and the schedule of per diem and travel expenses paid to board members.

Financial Analysis of the Fund

Sheriffs' Pension and Relief Fund's fiduciary net position increased during the year ended June 30, 2014 by $460,868,993 from $2,272,263,124. Plan net position for the prior fiscal year increased by $305,238,172. The current year increase in plan net position was attributable to much more favorable market conditions than the prior fiscal year. This analysis focuses on fiduciary net position (Table 1) and changes in fiduciary net position (Table 2) of the Fund.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014

Financial Analysis of the Fund (Continued)

TABLE 1
FIDUCIARY NET POSITION
(In Thousands)

	2014	2013
Cash and investments	$ 2,776,080	$ 2,352,396
Receivables and prepaid	73,330	86,573
Capital assets	2,436	2,539
Total assets	2,851,846	2,441,508
Total liabilities	118,714	169,245
Fiduciary net position	$ 2,733,132	$ 2,272,263

TABLE 2
CHANGES IN FIDUCIARY NET POSITION
(In Thousands)

	2014	2013
Additions:		
Contributions	$ 190,956	$ 181,212
Net investment income	410,664	257,317
Other	8,227	6,874
Total additions, net of investment losses	609,847	445,403
Deductions:		
Benefits	127,604	120,241
Refunds and transfers	19,726	18,250
Administrative expenses and depreciation	1,648	1,674
Total deductions	148,978	140,165
Changes in fiduciary net position	$ 460,869	$ 305,238

Fiduciary net position increased by $460,868,993 or 20.3% during the year ended June 30, 2014 from $2,272,263,124. These assets are restricted in use to provide monthly retirement allowances to members who contributed to the Fund as employees and their beneficiaries.

Additions to Fiduciary Net Position

Additions to Sheriffs' Pension and Relief Fund fiduciary net position were derived from member and employer contributions. Member contributions increased $2,671,738 or 4.2% while employer contributions increased $5,530,971 or 6.6%. The increase in contributions has continued based on prior legislation enacted which increased the contributions for plan members to 10.25% and employer contributions to 13.89% of annual covered payroll. The Fund experienced net investment income of $410,664,372 as compared to net investment income of $257,317,117 in the prior year.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2014

Additions to Fiduciary Net Position (Continued)

	2014	2013	Increase (Decrease)
Member Contributions	$ 65,974,932	$ 63,303,194	$ 2,671,738
Employer Contributions	89,359,583	83,828,612	5,530,971
Insurance Premium Taxes	16,628,926	15,794,377	834,549
Ad Valorem Taxes	18,570,164	17,862,122	708,042
State Revenue Sharing	421,921	423,457	(1,536)
Net Investment Income	410,664,372	257,317,117	153,347,255
Other Additions	8,227,065	6,874,233	1,352,832
Total Additions	$ 609,846,963	$ 445,403,112	$ 164,443,851

Deductions from Fiduciary Net Position

Deductions from fiduciary net position include mainly retirement, death, survivor benefits, refunds and transfers of contributions to other retirement plans and administrative expenses. Deductions from plan net position totaled $148,977,970 in fiscal year 2014. This is an increase of $8,813,030 when compared to fiscal year 2013. Retirement benefit payments increased $7,362,921 and refunds of contributions increased by $1,209,395 in fiscal 2014.

	2014	2013	Increase (Decrease)
Retirement Benefits	$ 127,604,168	$ 120,241,247	$ 7,362,921
Refunds of Contributions	18,387,817	17,178,422	1,209,395
Administrative Expenses and Depreciation	1,648,196	1,673,469	(25,273)
Transfers to Other Systems	1,337,789	1,071,802	265,987
Total deductions	$ 148,977,970	$ 140,164,940	$ 8,813,030

Investments

The Fund is responsible for the prudent management of funds held in trust for the exclusive benefits of the members' pension benefits. Funds are invested to achieve maximum returns without exposing retirement assets to unacceptable risks. Total investments at June 30, 2014 amount to $2,764,695,570 as compared to $2,341,950,302 at June 30, 2013, which is an increase of $422,745,268 or 18.1%. The most significant increase is in stocks as result of favorable market conditions. Sheriffs' Pension and Relief Fund's investments in various markets at the end of the 2014 and 2013 fiscal years are indicated in the following table:

	2014	2013	Increase (Decrease)
Cash Equivalents	$ 144,033,147	$ 118,859,622	$ 25,173,525
Collateral Held Under Securities Lending	20,253,961	12,838,101	7,415,860
Bonds	596,964,047	624,746,623	(27,782,576)
Equities	1,664,524,903	1,327,683,889	336,841,014
Alternative Investments	338,919,512	257,822,067	81,097,445
Total	$ 2,764,695,570	$ 2,341,950,302	$ 422,745,268

Requests for Information

Questions concerning any of the information provided or requests for additional financial information should be addressed to Osey McGee, Jr., Sheriffs' Pension and Relief Fund, 1225 Nicholson Drive, Baton Rouge, Louisiana 70802, (225) 219-0500.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2014

ASSETS:	
Cash (Note 5)	$ 11,383,759
Receivables and prepaid expense:	
Member contributions	3,988,206
Employer contributions	5,418,792
Accrued interest and dividends	4,762,861
Receivable for investments sold	58,030,667
Other receivables and prepaids (Note 13)	1,129,396
Total receivables and prepaid expense	73,329,922
Investments (at fair value): (Notes 1, 5, 6, 7, 15 and 16)	
Cash equivalents	144,033,147
Collateral held under Securities Lending Program	20,253,961
Bonds	596,964,047
Equities	1,664,524,903
Alternative investments	338,919,512
Total investments	2,764,695,570
Land, property, plant and equipment: (Notes 1 and 12)	
Building	2,727,329
Land and improvements	92,692
Furnishings, equipment and vehicles	1,090,280
	3,910,301
Less: Accumulated depreciation	1,473,833
Total land, property, plant and equipment	2,436,468
Total assets	2,851,845,719
LIABILITIES:	
Obligations under Securities Lending Program (Notes 5 and 6)	20,427,942
Payable for investments purchased	78,792,387
Refunds payable	566,613
Other payables	16,247,188
Accounts payable	2,539,997
Pension payable	49,913
Accrued leave payable	89,562
Total liabilities	118,713,602
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	$ 2,733,132,117

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

ADDITIONS:	
Contributions: (Note 3)	
Members	$ 65,974,932
Employers	89,359,583
Insurance premium tax	16,628,926
Ad valorem taxes	18,570,164
State revenue sharing	421,921
Total contributions	190,955,526
Investment income: (Note 1)	
Interest income	18,804,739
Dividend income	15,477,567
Net change in fair value of investments	386,457,997
Commission recapture	4,741
	420,745,044
Less investment expense:	
Investment advisory fees	9,476,471
Custodian fee and bank charges	604,201
	10,080,672
Net investment income	410,664,372
Other additions:	
Transfers from other retirement systems	8,226,782
Miscellaneous income	283
Total other additions	8,227,065
Total additions	609,846,963
DEDUCTIONS:	
Benefits	127,604,168
Refund of contributions	18,387,817
Transfers to other retirement systems	1,337,789
Administrative expenses (Page 40)	1,491,074
Depreciation (Notes 1 and 12)	157,122
Total deductions	148,977,970
NET CHANGE IN FIDUCIARY NET POSITION	460,868,993
NET POSITION HELD IN TRUST FOR PENSION BENEFITS:	
Beginning of year	2,272,263,124
END OF YEAR	$ 2,733,132,117

See accompanying notes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The Sheriffs' Pension and Relief Fund (Fund) is a public corporation created in accordance with the provisions of Louisiana Revised Statute 11:2171 to provide retirement, disability and survivor benefits to employees of sheriffs' offices throughout the State of Louisiana, employees of the Louisiana Sheriffs' Association (LSA) and the Sheriffs' Pension and Relief Fund's office.

The Fund is governed by a Board of Trustees composed of 14 elected members and two legislators who serve as ex-officio members, all of whom are voting members consisting of a president, vice president, three active, participating sheriffs, and three full-time participating deputy sheriffs, three retired sheriffs and three retired deputy sheriffs participating in the Fund, and the chairman of the Senate Finance and House Retirement Committee serve as ex-officio members. The President may be either an active or retired sheriff, elected by the members of the LSA for a term of three years from the date of taking office. Reelection is permissible. At the annual sheriffs' conference, the general membership of the LSA elects one active sheriff and one retired sheriff to serve three-year staggered terms on the Board. Active and retired deputy sheriff members are elected from their respective ranks to three-year staggered terms. The members of the LSA elect the vice president every three years. All candidates for service on the Board of Trustees must complete legislatively required hours of training prior to becoming a candidate. Office personnel and retained professionals serve as authorized by the Board.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements are prepared in accordance with the standards established by the Governmental Accounting Standards Board (GASB).

In addition, these financial statements include the management's discussion and analysis as supplementary information, as required by of GASB Statement Number 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and related standards.

During the year ended June 30, 2014, the Fund adopted the provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans.* GASB Statement No. 67 established new standards of financial reporting for defined benefit pension plans. Significant changes included specifying the approach of contributing entities to measure pension liabilities for benefits provided through the pension plan, increased the note disclosure requirements, and provided for additional required supplementary information schedules.

Basis of Accounting:

The Fund's financial statements are prepared using the accrual basis of accounting. Employer and employee contributions are recognized in the period in which the employee is compensated for services performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting: (Continued)

Interest and dividend income is recognized when earned. Ad valorem taxes and state revenue sharing monies are recognized in the year appropriated by the legislature. Insurance premium tax income is recorded in the fiscal year for which it is allocated.

Method Used to Value Investments:

Investments are reported at fair value. Fair value of short-term investments approximates cost. Fair value of securities traded on a national or international exchange is calculated using the last reported sales price at current exchange rates. Fair value of mutual funds not traded on a national or international exchange is calculated using the net asset value reported by the mutual funds. Fair value of investments in partnerships is calculated as the Fund's percentage of ownership of the partner's capital reported by the partnership.

Property, Plant and Equipment:

Property, plant and equipment are accounted for and capitalized in the Fund. Depreciation of these assets is recorded as an expense in the Fund. The assets are valued on the basis of historical cost and depreciated using the straight-line method of depreciation as follows:

Asset Class	Estimated Useful Life
Buildings	40 years
Vehicles	5 years
Office furniture and equipment	3-10 years

2. PLAN DESCRIPTION:

The Sheriffs' Pension and Relief Fund, State of Louisiana, is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The Sheriffs' Pension and Relief Fund received a favorable determination from the IRS regarding its status as a qualified plan in August 1995. The determination applied to plan years beginning after December 31, 1988.

The Sheriffs' Pension and Relief Fund, State of Louisiana, provides retirement benefits for employees of sheriffs' offices throughout the State of Louisiana. There are sixty-four contributing sheriff offices, with employees of the Louisiana Sheriffs' Association office and the Fund's staff also contributing. At June 30, 2014 statewide retirement membership consisted of:

2. PLAN DESCRIPTION: (Continued)

Inactive members or beneficiaries currently receiving benefits	4,510
Inactive members entitled to but not yet receiving benefits	5,512
Active members	14,575
TOTAL PARTICIPANTS AS OF THE VALUATION DATE	24,597

Laws that govern the Fund are located in the Louisiana Revised Statutes beginning with 11:2171 et seg. which specifically pertains to the Sheriffs' Pension Fund, and 11:11 et seg. which governs all public retirement systems in Louisiana.

Eligibility Requirements:

Membership in the Fund is required for all eligible sheriffs and deputies. Court criers of specified courts and non-deputized employees may become members. They are eligible immediately upon employment as long as they meet statutory criteria as to age and physical condition. All salaried employees of the Sheriffs' Pension and Relief Fund and the Louisiana Sheriffs' Association who meet certain requirements are also eligible to become members of the Fund. Members are vested after twelve years of service time.

Retirement Benefits:

For members who become eligible for membership on or before December 31, 2011: Members with twelve years of creditable service may retire at age fifty-five; members with thirty years of service may retire regardless of age. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Active, contributing members with at least ten years of creditable service may retire at age sixty. The accrued normal retirement benefit is reduced actuarially for each month or fraction thereof that retirement begins prior to the member's earliest normal retirement date assuming continuous service.

2. PLAN DESCRIPTION: (Continued)

Retirement Benefits: (Continued)

For members whose first employment making them eligible for membership in the system began on or after January 1, 2012: Members with twelve years of creditable service may retire at age sixty-two; members with twenty years of service may retire at age sixty; members with thirty years of creditable service may retire at age fifty-five. The benefit accrual rate for such members with less than thirty years of service is three percent; for members with thirty or more years of service; the accrual rate is three and one-third percent. The retirement allowance is equal to the benefit accrual rate times the member's average final compensation multiplied by his years of creditable service, not to exceed (after reduction for optional payment form) 100% of average final compensation. Members with twenty or more years of service may retire with a reduced retirement at age fifty.

For a member whose first employment making him eligible for membership in the system began on or before June 30, 2006, final average compensation is based on the average monthly earnings during the highest thirty-six consecutive months or joined months if service was interrupted. The earnings to be considered for each twelve-month period within the thirty-six month period shall not exceed 125% of the preceding twelve-month period.

For a member whose first employment making him eligible for membership in the system began after June 30, 2006 and before July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months is service was interrupted. The earnings to be considered for each twelve-month period within the sixty month period shall not exceed 125% of the preceding twelve-month period.

For a member whose first employment making him eligible for membership in the system began on or after July 1, 2013, final average compensation is based on the average monthly earnings during the highest sixty consecutive months or joined months is service was interrupted. The earnings to be considered for each twelve-month period within the sixty month period shall not exceed 115% of the preceding twelve-month period.

Cost of Living Increases:

The Board of Trustees is authorized to grant retired members and survivors of members who have retired an annual cost of living increase of 2.5% of their current benefit. When such a cost of living increase is granted in any fiscal year, no such cost-of-living increase may be granted in the immediately following fiscal year. Members are eligible to receive this cost-of-living adjustment when they have attained the sixty years of age and they have been retired for at least one year. In order for the Board to grant a cost-of-living adjustment, the Fund must meet certain criteria in the statutes related to funding status and excess investment earnings. The funding criteria for granting cost-of-living adjustments are as follows:

2. PLAN DESCRIPTION: (Continued)

Cost of Living Increases: (Continued)

Funding Criteria 1 - if the funded ratio is equal to or in excess of 90%, the Fund is eligible to grant a cost of living adjustment every other year.

Funding Criteria 2 - if the funded ratio is equal to or in excess of 80%, the Fund is eligible to grant a cost of living adjustment every three years.

Funding Criteria 3 - if the funded ratio is equal to or in excess of 70%, the Fund is eligible to grant a cost of living adjustment every four years.

If the funded ratio is less than 70%, the Fund is not eligible to grant a cost of living adjustment in any year.

Deferred Benefits:

The Fund does provide for deferred benefits for vested members who terminate before being eligible for retirement. Benefits become payable once the member reaches the appropriate age for retirement.

Disability Benefits:

A member is eligible to receive disability benefits if he has at least ten years of creditable service when a non-service related disability is incurred; there are no service requirements for a service related disability. Disability benefits shall be the lesser of 1) a sum equal to the greatest of 45% of final average compensation or the members' accrued retirement benefit at the time of termination of employment due to disability, or 2) the retirement benefit which would be payable assuming continued service to the earliest normal retirement age. Members who become partially disabled receive 75% of the amount payable for total disability.

Survivor Benefits:

Survivor benefits for death solely as a result of injuries received in the line of duty are based on the following. For a spouse alone, a sum equal to 50% of the member's final average compensation with a minimum of $150 per month. If a spouse is entitled to benefits and has a child or children under eighteen years of age (or over said age if physically or mentally incapacitated and dependent upon the member at the time of his death), an additional sum of 15% of the member's final average compensation is paid to each child with total benefits paid to spouse and children not to exceed 100%. If a member dies with no surviving spouse, surviving children under age eighteen will receive monthly benefits of 15% of the member's final average compensation up to a maximum of 60% of final average compensation if there are more than four children. If a member is eligible for normal retirement at the time of death, the surviving spouse receives an automatic option 2 benefit. The additional benefit payable to children shall be the same as those available for members who die in the line of duty. In lieu of receiving option 2 benefit, the surviving spouse may receive a refund of the member's accumulated contributions. All benefits payable to surviving children shall be extended through age twenty-two, if the child is a full time student in good standing enrolled at a board approved or accredited school, college, or university.

2. PLAN DESCRIPTION: (Continued)

Contribution Refunds:

Upon withdrawal from service, members not entitled to a retirement allowance who have remained out of service for a period of thirty days are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued benefits in the system.

Back Deferred Retirement Option Plan (Back-DROP):

In lieu of receiving a service retirement allowance, any member of the Fund who has more than sufficient service for a regular service retirement may elect to receive a “Back-DROP” benefit. The Back-DROP benefit is based upon the Back-DROP period selected and the final average compensation prior to the period selected. The Back-DROP period is the lesser of three years or the service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. For those individuals with thirty or more years, the Back-DROP period is the lesser of four years or service accrued between the time a member first becomes eligible for retirement and his actual date of retirement. At retirement the member’s maximum monthly retirement benefit is based upon his service, final average compensation and plan provisions in effect on the last day of creditable service immediately prior to the commencement of the Back-DROP period. In addition to the monthly benefit at retirement, the member receives a lump-sum payment equal to the maximum monthly benefit as calculated above multiplied by the number of months in the Back-DROP period. In addition, the member’s Back-DROP account will be credited with employee contributions received by the retirement fund during the Back-DROP period. The member’s DROP and Back-DROP balances left on deposit are managed by a third party, fixed income investment manager, see Note 7. Participants have the option to opt out of this program and take a distribution, if eligible, or to rollover the assets to another qualified plan.

3. CONTRIBUTIONS AND RESERVES:

Contributions:

Contributions for all members were established by the Board of Trustees for the year ended June 30, 2014. The employee contribution rate cannot be less than 9.8% or more than 10.25% of earnable compensation. The employee contribution rate for the year ended June 30, 2014 was 10.25% payroll. Contributions are deducted from the member's salary and remitted monthly by the participating parish.

Gross employer contributions are determined by actuarial valuation and are subject to change each year in accordance with R.S. 11:103. For the year ended June 30, 2014, the employers contributed 13.89% of members' salaries with an additional 0.61% allocated from the Funding Deposit Account. Also, the Fund annually receives revenue sharing funds, 0.5% of the aggregate amount of the ad valorem tax shown to be collected by the tax roll of each respective parish, and additional funds as indicated by valuation and apportioned by the Public Employees' Retirement Systems' Actuarial Committee from available insurance premium taxes described in RS 22:1419.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. CONTRIBUTIONS AND RESERVES: (Continued)

Contributions:

Administrative costs of the Fund are financed through employer contributions.

Reserves:

Use of the term "reserve" by the Fund indicates that a portion of the fund balances is legally restricted for a specific future use. The nature and purpose of these reserves are explained below:

A) Annuity Savings:

The Annuity Savings is credited with contributions made by members of the Fund. When a member terminates his service or upon his death before qualifying for a benefit, the refund of his contributions is made from this reserve. If a member dies and there is a survivor eligible for a benefit, the member's accumulated contributions are transferred from the Annuity Savings to the Annuity Reserve. When a member retires, his accumulated contributions are transferred to Annuity Reserve to provide part of the benefits. The Annuity Savings balance as of June 30, 2014 was $521,661,035.

B) Pension Accumulation Reserve:

The Pension Accumulation Reserve consists of contributions paid by employers, interest earned on investments and any other income not included in other accounts. This reserve account is charged annually with an amount, determined by the actuary, to be transferred to the Annuity Reserve to fund retirement benefits for existing recipients. It is also relieved when expenditures are not covered by other accounts. Also included within this reserve is a funding deposit account created by Act 247 of the 2009 Legislative Session. It consists of surplus funds collected to be credited to the account for any fiscal year ending on or after December 31, 2008, in which the Board of Trustees elects to set the direct employer contribution rate higher than the minimum recommended rate. The funds will earn interest at the board-approved actuarial valuation rate, and the interest will be credited once a year. The balance in the funding deposit account that is included in the Pension Accumulation Fund as of June 30, 2014 was $0. The Board may direct the funds for the following purposes: (1) to reduce the unfunded accrued liability, (2) to reduce the present value of future normal costs, (3) to pay all or a portion of any future net direct employer contributions. The Pension Accumulation Reserve at June 30, 2014 was $1,061,939,041.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

3. CONTRIBUTIONS AND RESERVES: (Continued)

C) Annuity Reserve:

The Annuity Reserve is the reserve for all pensions, excluding cost-of-living increases, granted to retired members and is the reserve from which such pensions and annuities are paid. Survivors of deceased beneficiaries also receive benefits from this reserve account. The Annuity Reserve as of June 30, 2014 was $1,138,345,636.

D) Deferred Retirement Option Plan:

The Deferred Retirement Option Plan consists of the reserves for all members who upon retirement eligibility elect to deposit into this account an amount equal to the member's monthly benefit if he had retired. Members participate in the program for up to three or four years, and upon termination receive benefits in a lump sum payment or annuity. The deferred retirement option plan as of June 30, 2014 was $11,186,405.

4. NET PENSION LIABILITY OF EMPLOYERS:

The components of the liability of the Fund’s employers to plan members for benefits provided through the pension plan was as follows as of June 30, 2014:

	Total Pension Liability	Plan Fiduciary Net Position	Employers’ Net Pension Liability	Plan Fiduciary Net Position as a % of the Total Pension Liability
2014	$ 3,129,132,635	$ 2,733,132,117	$ 396,000,518	87.34%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an experience study for the period from July 1, 2006 and June 30, 2010. The required Schedule of Employers’ Net Pension Liability located in the required supplementary information presents multi-year trend information regarding whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability.

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an experience study for the period from July 1, 2006 and June 30, 2010. The required Schedule of Employers' Net Pension Liability located in the required supplementary information presents multi-year trend information regarding whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability.

Additional information on the actuarial methods and assumptions used in the latest actuarial valuation was as follows:

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal Method
Actuarial Asset Values:	
Bonds and Equities	The actuarial value of assets is based on the market value of assets adjusted to phase in asset earnings above or below the assumed rate of return over a five-year period with limits set at 85% and 115% of the market value of assets. When the adjusted value falls outside of the limits, the actuarial value is set equal to the average of the limited and adjusted value.
Actuarial Assumptions:	
Investment Rate of Return	7.7%, net of investment expense
Projected Salary Increases	6% (3% Inflation, 3% Merit)
Mortality:	RP-2000 Combined Healthy Mortality Table for active members, healthy annuitants and beneficiaries
	RP-2000 Disabled Lives Mortality Table for disabled annuitants
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the Fund and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.
Changes in Valuation Methods and Assumptions	The valuation interest rate was lowered from 7.8% to 7.7% for the year ended June 30, 2014.

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return for each major asset class based on the Fund's target asset allocation as of June 30, 2014 are as follows:

	Expected Rate of Return		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	60%	7.2%	4.3%
Bonds	25	3.1	0.8
Alternative Investments	15	6.3	0.9
Cash and Cash Equivalents	-	-	-
Totals	100%		6.0%
Inflation			2.4
Expected Arithmetic Nominal Return			8.4%

The discount rate used to measure the total pension liability was 7.7%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the Fund's actuary. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following presents the net pension liability of the participating employers calculated using the discount rate of 7.7%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of June 30, 2014:

4. NET PENSION LIABILITY OF EMPLOYERS: (Continued)

	Changes in Discount Rate		
	1% Decrease 6.7%	Current Discount Rate 7.7%	1% Increase 8.7%
Net Pension Liability	$ 784,586,647	$ 396,000,518	$ 70,134,239

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS:

The following are the components of the Fund's deposits, cash equivalents and investments at June 30, 2014.

Deposits (bank balance)	$ 12,058,473
Cash equivalents	144,033,147
Investments	2,620,662,423
	$ 2,776,754,043

Deposits:

At June 30, 2014, the Fund's bank deposits were fully insured or collateralized with securities held by the Federal Reserve Bank in the Fund's name.

Cash Equivalents:

At June 30, 2014, cash equivalents in the amount of $134,256,978 consisted of government backed pooled funds. These funds are held by a sub-custodian, are managed by separate money managers and are in the name of the Fund's custodian's trust department. At June 30, 2014, cash equivalents also included amounts invested in the Louisiana Asset Management Pool totaling $9,776,169. (See Note 7)

Investments:

Statutes authorize the Fund to invest under the Prudent-Man Rule. Pursuant to Louisiana Revised Statute 11:263, the Prudent-Man rule requires each fiduciary of a retirement system and each board of trustees acting collectively on behalf of each system to act with the care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. Notwithstanding the Prudent-Man Rule, the Fund shall not invest more than sixty-five percent of the total portfolio in equity investments.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Concentration of Credit Risk:

Concentration of credit risk is the risk of loss attributed to a lack of diversification. The Fund's investment policy establishes concentration limits for certain types of investments as a means of managing risk. Following is a summary of certain limits included in the Fund's policy:

a) Short-term investments may not exceed 5% of each manager's assigned portfolio allocation without Board approval.

b) Maximum single stock ownership shall not exceed 7% and 5%, respectively, of each manager's portfolio for domestic and international equities.

c) Maximum single bond ownership shall not exceed 5% of each manager's portfolio, excluding securities issued or guaranteed by the U. S. Government, its Agencies, or Government Sponsored Enterprises or securities or loans collateralized by such investments.

d) Mortgages, as a percentage of each advisor's fixed income portfolio at market value, shall not be more than 10% greater than the mortgage sector's current percent of the Barclay's Aggregate index. Collateralized mortgage obligations shall not exceed 15% of each advisor's fixed income portfolio at market value.

At June 30, 2014, there were no investments in any one organization, other than those issued or guaranteed by the U.S. Government or mutual funds, which represented 5% of plan net position or plan investments.

Credit Risk:

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Following are the credit ratings of the Fund's investments in long-term debt securities as of June 30, 2014:

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

Average Quality Rating	Corporate Bonds	Mortgage Backed/ Collateralized Mortgage Obligations	U.S. Government	Other	Total
AAA	$ 3,102,410	$ 31,201,280	$ 216,438,093	$ 9,989,347	$ 260,731,130
AA	2,201,038	325,149	9,904,678	2,374,192	14,805,057
A	15,316,461	502,769	8,795,547	6,899,456	31,514,233
BAA	72,168,554	3,841,873	12,640,183	22,285,393	110,936,003
BA	6,943,810	679,827	4,712,958	9,400,585	21,737,180
B	6,674,491	941,628	218,400	340,732	8,175,251
CAA	144,833	274,066	-	784,728	1,203,627
CA	-	229,083	-	-	229,083
C	-	5,637	515,130	-	520,767
Not Rated	-	6,254,081	108,131,852	32,725,783	147,111,716
	$ 106,551,597	$ 44,255,393	$ 361,356,841	$ 84,800,216	$ 596,964,047

All security types included in the benchmark (Barclays Aggregate Bond Index) are candidates for purchase and placement in the bond portfolio. Bond portfolios must have a minimum average quality rating of A. Securities must be rated Baa3/BBB- by at least two of the major rating agencies at the time of the purchase. Any security that falls below Baa3/BBB- rating by any of the major rating agencies must be sold within 90 days of the downgrade announcement. The investment manager must contact the consultant and/or investment committee for approval should they wish to hold the security beyond 90 days.

Derivatives are limited to the use of U.S. Treasury bond futures, primarily for the purpose of adjusting fixed income duration. The use of futures shall not cause asset class policy ranges to be exceeded, or cause the total fund to be leveraged. The net notional principal amounts outstanding of all derivative investments, expressed in terms of the value of the underlying position, shall not exceed 15% of the market value of the Fund. All derivatives positions must be incorporated into the overall portfolio market values and risk measures.

Custodial Credit Risk:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the Fund will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The Fund is not exposed to custodial credit risk at June 30, 2014 for investments and cash equivalents in the amount of $2,744,441,609 since the investments and cash equivalents are held in the name of the Fund. At June 30, 2014, collateral held under securities lending in the amount of $20,253,961 and non-cash collateral received under the securities lending program in the amount of $64,398,738 was exposed to custodial credit risk since these investments are not held in the name of the Fund. These securities are held in the name of a counterparty or counterparty's trust department or agent.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Foreign Currency Risk:

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The Fund's exposure to foreign currency risk is limited to its investment in foreign marketable securities at June 30, 2014 as follows:

Currency	Fair Value
Australian dollar	$ 1,242,469
Danish krone	1,823,070
European euro	24,241,854
Hong Kong dollar	672,124
Israeli shekel	929,270
Japanese yen	12,174,333
Mexican new peso	254,201
New Zealand dollar	4,111
Norwegian krone	1,118,900
Pound sterling	5,515,604
Singapore dollar	1,477
Swedish krona	3,900,859
Swiss franc	2,364,850
	$ 54,243,122

Interest Rate Risk:

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. At June 30, 2014, the Fund had the following investments in long-term debt securities and maturities:

Investment Type	Fair Value	Less Than 1	1 – 5	6 – 10	Greater Than 10
U.S. Government and Government agency obligations	$ 361,356,841	$ 78,868,819	$ 67,935,530	$ 71,426,387	$ 143,126,105
Other Bonds:					
Corporate bonds	106,551,597	6,662,885	42,459,509	35,278,455	22,150,748
Mortgage-backed securities and collateralized mortgage obligations	44,255,393	11,425,762	1,911,547	2,433,451	28,484,633
Other	84,800,216	7,717,238	11,145,117	27,548,410	38,389,451
	$ 596,964,047	$ 104,674,704	$ 123,451,703	$ 136,686,703	$ 232,150,937
Collateral held under Securities Lending Program	$ 20,253,961	$ 20,253,961	$ -	$ -	$ -

5. DEPOSITS, CASH EQUIVALENTS AND INVESTMENTS: (Continued)

Interest Rate Risk: (Continued)

The Fund invests in collateralized mortgage obligations. These securities are based on cash flows from interest payments on underlying mortgages. Therefore, they are sensitive to prepayments by mortgagees, which may result from a decline in interest rates.

Money-Weighted Rate of Return:

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense for the year ended June 30, 2014 was 18.04%. The money-weighted return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

6. SECURITIES LENDING AGREEMENT:

State statutes and board of trustee policies authorize the Fund to invest under the Prudent-Man Rule. Under the Prudent-Man Rule, the Fund is allowed to lend its securities to broker - dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The Fund enters into a contract with a company, which acts as their third-party securities lending agent. The lending agent has access to the Fund's lendable portfolio or available assets. The agent lends available assets such as U.S. Treasury, government-guaranteed and corporate fixed income securities, and equities. The lending agent has discretion over the selection of borrowers and continually reviews credit worthiness of potential borrowers through adequate analysis of all material provided to them; however, the Fund may restrict borrowers. All loans are fully collateralized with cash, government securities, or irrevocable letters of credit. Collateralization of loans is required to be 102% of the market value of the loaned securities plus accrued income. As a result of the required collateralization percentage, the Fund has no credit risk.

The lending agent and the Fund enter into contracts with all approved borrowers. In the case of security loans in which the collateral received by the Fund is cash, the value of the amount invested is reported as an asset with a corresponding liability for the value of the collateral. When the Fund receives collateral other than cash, it may not reinvest the collateral. When this occurs, the Fund does not record the collateral on the financial statements. In both cases, the loaned securities continue to be reported as an asset on the Statement of Plan Net Assets and in Note 5. In the case of any loans collateralized by cash, the lending agent will invest the cash collateral (in the name of the Fund) in approved investments outlined in the contract between the agent and the Fund. Acceptable collateral from approved borrowers for repurchase agreements is all direct U.S. Treasury obligations, mortgage and asset-backed securities rated AA or higher, commercial paper, and other investments stipulated in lender agent contract.

6. SECURITIES LENDING AGREEMENT: (Continued)

The market value (carrying value) of the securities on loan by the Fund as of June 30, 2014 was as follows:

U. S. Government Securities	$ 62,770,289
Corporate Bonds	4,311,031
Marketable Securities	14,414,924
	$ 81,496,244

The contracts with the lending agent require the lending agent to indemnify the Fund from any and all claims, actions, demands or lawsuits of any kind whatsoever resulting from the lending agent's gross negligence or willful misconduct in its administration of the program and to replace loaned securities not returned to the Fund for any reason.

The term to maturity of the securities loaned is matched with the term to maturity of the investment of the cash collateral by investing only in repurchase agreements with maturities of one to two days.

The information was not available to compute the gross amount of interest income earned and interest expense incurred from security lending transactions. The net amount of income received from the transactions is recorded in the financial statements in investment income.

7. LOUISIANA ASSET MANAGEMENT POOL:

Investments held at June 30, 2014 include $9,776,169 in the Louisiana Asset Management Pool (LAMP), a local government investment pool.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

Credit risk: LAMP is rated AAAm by Standard and Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

7. LOUISIANA ASSET MANAGEMENT POOL: (Continued)

Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

Interest rate risk: The weighted average maturity of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

8. EMPLOYEES DEFERRED COMPENSATION PLAN:

The Sheriffs' Pension and Relief Fund offers its employees a deferred compensation plan, created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency. The Board of Trustees has authorized matching contributions to be made to the plan by the Fund on behalf of the employees. The contributions for the year ended June 30, 2014 totaled $37,439.

All assets and income are held in a custodial trust account for the exclusive benefit of the participants and their beneficiaries.

9. ANNUAL AND SICK LEAVE:

Employees' leave is accrued at rates of 12 to 20 days per year depending upon length of service. Upon separation employees are compensated for accumulated annual leave, up to a maximum of 60 days. Employees are not compensated for accumulated sick leave upon termination. The liability for annual leave accrued at June 30, 2014 was $89,562.

10. OPERATING BUDGET:

The budget is under the control of the Board of Trustees and is not an appropriated budget but is considered a budgetary execution for management purposes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

11. USE OF ESTIMATES:

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

12. PROPERTY AND EQUIPMENT:

A summary of changes in property and equipment follows:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014
Land and building	$ 2,820,021	$ -	$ -	$ 2,820,021
Vehicles	31,085	-	-	31,085
Office furniture and equipment	1,015,430	54,566	(10,801)	1,059,195
Total	$ 3,866,536	$ 54,566	$ (10,801)	$ 3,910,301

Depreciation expense for the year ended June 30, 2014 and 2013 totaled $157,122.

13. OTHER RECEIVABLES AND PREPAIDS:

The following is a schedule of other receivables and prepaids at June 30, 2014:

Other receivables:	
Pension	$ 9,887
Taxes	8,244
Other investment receivables	1,099,132
Total other receivables	1,117,263
Prepaid expenses	12,133
Total	$ 1,129,396

Pension receivable represents amounts that were determined to have been paid for benefits that were not due to the recipient. Amounts due are generally established through legal judgments. Taxes receivable represent ad valorem and revenue sharing taxes due from parishes.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

14. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS:

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. GASB 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. All of the Fund's retired employees continue their life insurance and continue to receive health insurance benefits at various percentages of the Fund's cost.

Substantially all of the Fund's employees become eligible for postemployment health care, life insurance and dental benefits if they reach normal retirement age while working for the Fund. These benefits for retirees and similar benefits for active employees are provided through the Louisiana Sheriffs Association whose premiums are paid jointly by the employee and the Fund. At June 30, 2014, 5 retirees were receiving postemployment benefits.

Plan Description

The Plan is required to comply with House Bill 253, Act 314 of 1999 which provides that the premium costs of group hospital, surgical, medical expenses, and dental insurance and the first $10,000 of life insurance contracted under the provisions of the bill shall be paid in full from the sheriffs' general fund for all sheriffs and deputy sheriffs retired with a minimum of fifteen years of service and fifty-five years of age. The Fund's employees may participate in the Louisiana Sheriffs' Association employee benefit plan, an agent multi-employer plan, which provides welfare and dental benefits. The insurance advisory committee of the Louisiana Sheriffs' Association is the plan administrator. The participating sheriffs and participants make the necessary contributions to fund the Plan. Plan assets are held under the Louisiana Sheriffs' Association Group Benefits Trust. The Louisiana Sheriffs' Association did not have an actuarial valuation prepared for the Plan as of June 30, 2014. Benefits are paid from the trust fund. The Plan's fiscal year ends on June 30th of each year.

Funding Policy

The Plan is currently financed on a pay as you go basis. The Fund contributed $357 per month for retiree-only coverage with Medicare or $523 per month for retiree-only coverage without Medicare during the year ended June 30, 2014. The Fund's contribution was $625 per month for retiree and spouse with Medicare or $955 per month for retiree and spouse without Medicare during the year ended June 30, 2014.

For the year ended June 30, 2014, the Plan also provided dental coverage with the Fund contributing $16 per month for an employee only and up to $42 per month for an employee and family members.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

14. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Annual OPEB Cost

The Fund's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The entry age actuarial cost method and the level percentage of payroll amortization method, open period, was used to calculate the ARC. The total ARC for the fiscal year ending June 30, 2014 was $58,241 as set forth below:

Normal Cost	$ 25,541
30-year UAL amortization amount	32,700
Annual required contribution (ARC)	$ 58,241

The following table presents the Fund's OPEB obligation for the year ended June 30, 2014:

Beginning Net OPEB Obligation July 1	$ 150,434
Annual required contribution	58,241
Interest on net OPEB obligation	9,778
Adjustment to ARC	(5,389)
OPEB cost	62,630
Age Adjusted Contributions made	(80,687)
Change in Net OPEB Obligation	(18,057)
Ending Net OPEB Obligation June 30	$ 132,377

The following table shows the Fund's annual other postemployment benefits (OPEB) cost, percentage of the cost contributed utilizing the pay-as-you-go method, and the net unfunded other postemployment benefits (OPEB) liability:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	$ 62,630	47.2%	$ 132,377
June 30, 2013	58,919	56.6	150,434
June 30, 2012	54,202	55.6	122,816

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

14. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Funded Status and Funding Progress

Other than credited age adjusted contributions, the Fund made no contributions to its postemployment benefits plan. The Plan was not funded at all, has no assets, and hence has a funded ratio of zero. Since the Plan was not funded, the entire actuarial accrued liability of $861,084 at June 30, 2014 was unfunded.

The funded status of the Plan as of June 30, 2014 was as follows:

Actuarial accrued liability (AAL)	$ 861,084
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	$ 861,084
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employees covered by the plan)	$ 732,706
UAAL as a percentage of covered payroll	117.52%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

Since the Sheriffs' Pension and Relief Fund has fewer than 100 Plan members, it qualified to use the Alternative Measurement Method (AMM), which is the calculation of the actuarial accrued liability and annual contribution without a traditional actuarial valuation. The AMM calculation process is similar to an actuarial valuation, but with simplifications of several assumptions permitted under GASB guidelines.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

14. POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS: (Continued)

Actuarial Methods and Assumptions (Continued)

The following key assumptions were used in the AMM valuation dated June 30, 2014:

Description	Assumption Used
Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll
Amortization Period	30 years
Employer Asset Return	6.5%
Discount Rate	6.5%
Projected Salary Increases	6.0%
Average Retirement Age	67
Mortality Table	RP2000 Mortality Table for Males and Females projected 10 years
Turnover Assumptions	Standard Turnover Assumptions GASB 45 Paragraph 35b
Health Care Cost Trends:	
Health	8%
Pharmacy	9%
Dental	4%
Vision	3%

In accordance with GASB 45, information in the Required Supplementary Schedule on page 46 is designed to provide historical information related to the postemployment healthcare and life insurance benefits provided.

15. FUNDS OF FUNDS:

During the year ended June 30, 2014, the Fund had investments in funds of funds as follows:

a) Pinehurst Institutional Ltd. – the company was formed as a feeder fund that invests in an affiliated master fund. The primary objective of the company is to engage in the business of trading financial instruments. At June 30, 2014, the Fund had investments of $59,863,687 in the company.

b) Russell Emerging Markets Fund – this is an investment fund within the Russell Trust Company's Comingled Employee Benefit Funds Trusts. It was developed to invest in emerging equity markets worldwide. At June 30, 2014, the Fund had investments of $38,065,568 in the company.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

15. FUNDS OF FUNDS: (Continued)

c) Russell Commodities Fund – this is an investment fund within the Russell Trust Company's Comingled Employee Benefit Funds Trusts. It was developed to provide exposure to commodities markets. At June 30, 2014, the Fund had investments of $43,672,647 in the company.

d) BlackRock Tempus Fund, Ltd. – this investment fund was formed to invest in other private investment funds. The primary objective of the fund is to invest primarily in opportunistic credit investments. At June 30, 2014, the Fund had investments of $33,718,193 in the company.

16. INVESTMENTS IN PARTNERSHIPS:

During the years ended June 30, 2014, the Fund had investments in partnerships as follows:

a) Blackstone Park Avenue Non-Taxable Fund L.P. – The partnership was organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers by investing substantially all of its assets through a master-feeder structure. At June 30, 2014, the Fund had investments of $18,620,594 in the partnership.

b) BPIF Non-Taxable L.P. – The partnership was organized for the primary purpose of developing and actively managing an investment portfolio of non-traditional portfolio managers by investing substantially all of its assets through a master-feeder structure. At June 30, 2014, the Fund had investments of $32,689,704 in the partnership.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
STATEMENT OF CHANGES IN RESERVE BALANCES
FOR THE YEAR ENDED JUNE 30, 2014

	ANNUITY RESERVE	ANNUITY SAVINGS	PENSION ACCUMULATION	DEFERRED RETIREMENT OPTION PLAN (DROP)	TOTAL
BALANCES - BEGINNING OF YEAR	$ 1,047,777,051	$ 494,372,829	$ 718,525,541	$ 11,587,703	$ 2,272,263,124
REVENUES INVESTMENTS INCOME AND TRANSFERS:					
Contributions	-	65,974,932	124,980,594	-	190,955,526
Net income from investments	-	-	410,661,370	3,002	410,664,372
Miscellaneous income	-	-	283	-	283
Annuities derived from accumulated savings and DROP	24,687,010	-	-	-	24,687,010
Contributions for purchased or transferred services	-	2,110,519	6,116,263	-	8,226,782
DROP other changes, net	-	-	-	-	-
Transfer of post-DROP contributions	-	-	-	2,006,519	2,006,519
Transfer of DROP recinds	-	8,252	53,603	-	61,855
DROP pensions accumulated from Annuity Reserve	-	-	-	16,147,596	16,147,596
Actuarial transfer	195,412,628	-	-	-	195,412,628
Total revenues investment income and transfers	220,099,638	68,093,703	541,812,113	18,157,117	848,162,571
EXPENSES AND TRANSFERS:					
Retirement allowances paid during the period	113,383,457	-	-	-	113,383,457
Transfer to Annuity Reserve	-	20,411,161	-	4,275,849	24,687,010
Transfer of post-DROP contributions	-	2,006,519	-	-	2,006,519
Transfer of DROP recinds	-	-	-	61,855	61,855
Refunds to members	-	18,387,817	-	-	18,387,817
Administrative expenses and depreciation	-	-	1,648,196	-	1,648,196
DROP other changes, net	-	-	-	-	-
Funds transferred to other systems	-	-	1,337,789	-	1,337,789
Pensions paid into DROP	16,147,596	-	-	-	16,147,596
Pensions paid out of DROP	-	-	-	14,220,711	14,220,711
Actuarial transfer	-	-	195,412,628	-	195,412,628
Total expenses and transfers	129,531,053	40,805,497	198,398,613	18,558,415	387,293,578
Net change	90,568,585	27,288,206	343,413,500	(401,298)	460,868,993
BALANCES - END OF YEAR	$ 1,138,345,636	$ 521,661,035	$ 1,061,939,041	$ 11,186,405	$ 2,733,132,117

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

Building maintenance	$ 11,403
Computer services	31,844
Equipment maintenance	33,592
Equipment rental	5,122
Group medical and bond insurance	150,671
Janitorial, garage, yard	19,865
Leases - office equipment	9,302
Medical fees - members	3,588
Members education	2,140
Office supplies and expense	70,710
Payroll taxes	14,740
Professional development	2,373
Professional retainers and legal fees	197,128
Salaries and related cost	803,561
Security	5,979
Telephone	14,507
Travel - Board and Committee meeting expenses	35,279
Travel - LSA conferences	33,808
Travel - Trustee educational	4,324
Utilities	41,138
Total administrative expenses	$ 1,491,074

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUPPLEMENTARY INFORMATION
PER DIEM AND TRAVEL EXPENSES PAID TO BOARD OF TRUSTEES
FOR THE YEAR ENDED JUNE 30, 2014

	Per Diem	Travel Reimbursement	Total
Wayne F. McElveen	$ 900	$ 1,878	$ 2,778
Kenneth Goss	375	436	811
Graham Hendricks	750	1,414	2,164
Calvin McFerrin	-	1,784	1,784
Donald L. Rittenberry	1,050	3,031	4,081
Harold Turner	675	1,421	2,096
Totals	$ 3,750	$ 9,964	$ 13,714

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2014

Total Pension Liability		
Service Cost	$	107,079,257
Interest		232,540,719
Differences Between Expected and Actual Experience		(49,042,594)
Changes of Assumptions		35,200,402
Retirement Benefits		(127,604,168)
Refunds and Transfers of Member Contributions		(11,498,541)
Net Change in Total Pension Liability		186,675,075
Total Pension Liability - Beginning		2,942,457,560
Total Pension Liability - Ending (a)	$	3,129,132,635
Plan Fiduciary Net Position		
Contributions - Employer	$	89,359,583
Contributions - Member		65,974,932
Contributions - Nonemployer Contributing Entities		35,621,011
Net Investment Income		410,664,372
Retirement Benefits		(127,604,168)
Refunds and Transfers of Member Contributions		(11,498,541)
Administrative Expenses		(1,491,074)
Depreciation Expense		(157,122)
Net Change in Plan Fiduciary Net Position		460,868,993
Plan Fiduciary Net Position - Beginning		2,272,263,124
Plan Fiduciary Net Position - Ending (b)	$	2,733,132,117
Net Pension Liability - Ending (a) - (b)	$	396,000,518
Plan Fiduciary Net Position as a % of Total Pension Liability		87.34%
Covered Employee Payroll	$	643,337,531
Net Pension Liability as a % of Covered Employee Payroll		61.55%

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF EMPLOYERS' NET PENSION LIABILITY
FOR THE TWO YEARS ENDED JUNE 30, 2014

	Total Pension Liability	Plan Fiduciary Net Postion	Employers' Net Pension Liability	Plan Fiduciary Net Position as a % of Total Pension Liability	Covered Employee Payroll	Employers' Net Pension Liability as a % of Covered Employee Payroll
2013	$ 2,942,457,560	$ 2,272,263,124	$ 670,194,436	77.22 %	$ 622,720,506	107.62 %
2014	3,129,132,635	2,733,132,117	396,000,518	87.34	643,337,531	61.55

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
EMPLOYER AND NON-EMPLOYER CONTRIBUTING ENTITIES
FOR THE YEAR ENDED JUNE 30, 2014

Date	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Liability	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 125,191,048	$ 124,980,594	$ 210,454	$ 643,337,531	19.43 %

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2014

	Annual Money-Weighted Rate of Return*
2014	18.04 %

*Annual money-weighted rates of return are presented net of investment expense.

Schedule is intended to show information for 10 years. Additional years will be presented as they become available.

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - POSTEMPLOYMENT HEALTHCARE AND LIFE INSURANCE BENEFITS
JUNE 30, 2012 THROUGH 2014

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2012	$ -	$ 726,015	$ 726,015	- %	$ 642,629	112.98 %
June 30, 2013	-	791,887	791,887	-	711,019	111.37
June 30, 2014	-	861,084	861,084	-	732,706	117.52

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

1. SCHEDULE OF CHANGES IN NET PENSION LIABILITY:

The total pension liability contained in this schedule was provided by the Fund's actuary, G.S. Curran and Company. The net pension liability is measured as the total pension liability less the amount of the fiduciary new position of the Fund.

2. SCHEDULE OF EMPLOYERS' NET PENSION LIABILITY:

The schedule of employers' net pension liability shows the percentage of the Funds employers' net pension liability as a percentage of covered employee payroll. The employers' net pension liability is the liability of contributing employers to members for benefits provided through the Fund. Covered employee payroll is the payroll of all employees that are provided with benefits through the plan.

3. SCHEDULE OF CONTRIBUTIONS – EMPLOYERS AND NON-EMPLOYER CONTRIBUTING ENTITES:

The difference between the actuarially determined contributions from employer and non-employer contributing entities and the contributions reported from employers and non-employer contributing entities, and the percentage of employer contributions received to covered employee payroll is presented in this schedule. Ad valorem and state revenue sharing funds received is considered support from non-employer contributing entities.

4. SCHEDULE OF INVESTMENT RETURNS:

The annual money-weighted rate of return is shown in this schedule. The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. This expresses investment performance adjusted for the changing amounts actually invested throughout the year, measured using monthly inputs with expenses measured on an accrual basis.

5. ACTUARIAL ASSUMPTIONS:

The information presented in the required supplementary schedules was used in the actuarial valuation for purposes of determining the actuarially determined contribution rate. The assumptions and methods used for the actuarial valuation were recommended by the actuary and adopted by the Board. Additional information on the assumptions and methods used as of the latest actuarial valuation are noted in Note 4, Net Pension Liability of Employers.

DUPLANTIER, HRAPMANN,
HOGAN & MAHER, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM G. STAMM, C.P.A.
LINDSAY J. CALUB, C.P.A., L.L.C.
GUY L. DUPLANTIER, C.P.A.
MICHELLE H. CUNNINGHAM, C.P.A
DENNIS W. DILLON, C.P.A.
GRADY C. LLOYD, III, C.P.A.

HEATHER M. JOVANOVICH, C.P.A.
TERRI L. KITTO, C.P.A.

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LA C.P.A.'S

MICHAEL J. O'ROURKE, C.P.A.
DAVID A. BURGARD, C.P.A.
CLIFFORD J. GIFFIN, Jr., CPA

A.J. DUPLANTIER JR, C.P.A. (1919-1985)
FELIX J. HRAPMANN, JR, C.P.A. (1919-1990)
WILLIAM R. HOGAN, JR., CPA (1920-1996)
JAMES MAHER, JR, C.P.A. (1921-1999)

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

January 14, 2015

Board of Trustees
Sheriffs' Pension and Relief Fund
State of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Sheriffs' Pension and Relief Fund, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Sheriffs' Pension and Relief Fund's basic financial statements, and have issued our report thereon dated January 14, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sheriffs' Pension and Relief Fund's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sheriffs' Pension and Relief Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sheriffs' Pension and Relief Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

1615 Poydras Street, Suite 2100 • New Orleans, LA 70112 • (504) 586-8866 • Fax (504) 525-5888
1670 Old Spanish Trail • Slidell, LA 70458 • (985) 649-9996 • Fax (985) 649-9940
247 Corporate Drive • Houma, LA 70360 • (985) 868-2630 • Fax (985) 872-3833
5047 Highway 1, P. O. Box 830 • Napoleonville, LA 70390 • (985) 369-6003 • Fax (985) 369-9941
www.dhhmcpa.com

Our consideration of internal control over financial reporting for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sheriffs' Pension and Relief Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Duplantier, Hrapmann, Hogan & Maher, LLP

SHERIFFS' PENSION AND RELIEF FUND
STATE OF LOUISIANA
SUMMARY SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

SUMMARY OF AUDITOR'S RESULTS:

1. The opinion issued on the financial statements of Sheriffs' Pension and Relief Fund, State of Louisiana for the year ended June 30, 2014 was unmodified.

2. Internal Control:

   Material weaknesses: None noted
   Significant deficiencies: None noted

3. Compliance and Other Matters:

   Noncompliance material to financial statements: None noted

FINDINGS REQUIRED TO BE REPORTED UNDER GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:

None

SUMMARY OF PRIOR YEAR FINDINGS:

None